Department of Energy
Washington, DC 20585

April 21, 1995

IPI-IV-1-95

James H. Chafin, Albuquerque
Harold M. Dixon, Savannah River
Robert Fisher, Chicago
James Hanley, Oakland
Robert Poteat, Oak Ridge
Robert Southworth, Richland
cc: William Daubenspeck, Livermore

Enclosed is the IPI covering patent application filing. This IPI establishes the basic principle that cases filed by DOE have been approved for filing in advance by a DOE Patent Attorney. The satisfaction of this principle is left to the discretion and professional judgment of DOE Field Patent Counsel.

The IPI also states the philosophy of DOE supporting the filing of patent applications on behalf of the Government. Changes in resources allocation related to filing of applications will be reflected through modifications in this IPI.

Paul A. Gottlieb
Assistant General Counsel for
Technology Transfer and
Intellectual Property

April 20, 1995

INTERNAL PATENT INSTRUCTION-IV-1-95

FIELD PATENT COUNSELS

PATENT APPLICATION FILING AND WAIVER PROCEDURES

A. Filing of patent applications when a contractor has a right of election

When a DOE contractor has a right to elect ownership of an invention under the Bayh-Dole Act, Pub. L. 96-517, or under a DOE waiver of title, it shall normally elect and file a patent application on an elected invention within the prescribed time periods and furnish DOE a confirmatory license. However, with the contractor's consent, DOE may file a patent application prior to the contractor's exercise of its right of election, under the following conditions:

Procedures for DOE filing

(1) When the contractor is not likely to make its election within the election period specified in its contract, because of uncertain near term commercial potential, DOE may file the patent application if there is a substantial DOE program interest and value to DOE in obtaining a license, necessitating patent protection. Additionally, DOE may prepare the application if there is a time imperative due to potential statutory bars to filing of U.S. and foreign patent applications.

(2) The contractor shall (a) authorize DOE to file the application, (b) agree to the terms of this Internal Patent Instruction (see 4 and 5 below), (c) agree to the terms of a confirmatory license to be executed upon election to retain title, and (d) agree to the terms of an assignment to be executed upon election not to retain title. The confirmatory license shall contain the provisions required by the contract or waiver.

(3) A cognizant DOE Patent Attorney shall determine that the conditions in par. (1) exist, except when the contractor prepares the application and furnishes all Patent and Trademark Office fees.

(4) The declaration and power of attorney of the application shall indicate Headquarters as the correspondence address.

(5) If, subsequent to DOE filing the application, the contractor decides to obtain the rights to the invention, it shall make its election and notify DOE no later than eight months after the filing date or at the time of a Notice of Allowance, whichever is earlier.

B. Filing of patent applications where the Government owns the invention (including filing after a negative election by the contractor)

I. Government cases

DOE may prepare and file a patent application in those cases where Government ownership is automatic, e.g., inventions of laboratories (such as Naval Reactors laboratories) which do not have a right of election, inventions of Government employees, and inventions which are P.L. 96-517 "exceptional circumstances" or international agreement inventions.

II. Nonelected cases

When the contractor has a right to elect ownership rights to an invention but does not elect to retain those rights, DOE may file a patent application. When the contractor initially elects not to retain title or not to request a waiver within the prescribed time period, and DOE has not filed a patent application, DOE may at its discretion, and upon good cause shown in writing, extend the time for election or for requesting a waiver on an identified invention. In some cases contractors have sought to obtain the rights to an invention after their right of election has expired and DOE has filed. In such cases, if DOE filed after the time period for election or requesting a waiver expired, the time for election or requesting a waiver may be extended only for extraordinary circumstances shown in writing at the discretion of DOE. However, the time for election or requesting a waiver normally will not be extended after the invention has been advertised for licensing by DOE.

III. DOE Filing Criteria

DOE files patent applications on inventions for commercialization purposes, for defensive purposes, to advance science and technology, for special purposes, and for incidental benefits to its laboratories and the public.

While most laboratories now have the contractual right to elect ownership of inventions, budget constraints often lead them to select only those with a near term payoff. This leaves inventions with long term potential without patent protection unless DOE takes action. Patent applications filed by DOE are advertised for licensing. If an invention appears to have substantial commercial potential, DOE should seek patent protection to establish a property right in the technology

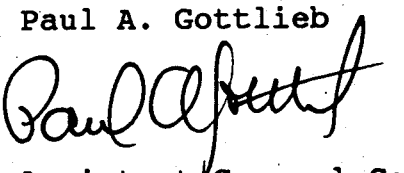
developed at taxpayer expense; to assure that the property rights can be licensed; and to assure that the incentives of exclusivity will be available to promote commercialization if necessary. DOE Patent Attorneys make this determination using information from the inventor, the laboratory, DOE program personnel, and other sources.

DOE files patent applications for defensive purposes in order to prevent others from obtaining a patent on the same invention and demanding royalties from the Government for practicing the invention. Defensive filing also mitigates damages for infringing a closely related patent. DOE Patent Counsel should ensure that patent applications are filed by DOE or by the contractor with the Government receiving a confirmatory license or assignment, on inventions that may be the subject of substantial Government procurement. In determining whether defensive filing is necessary, DOE Patent Counsel should consider the likelihood and amount of actual or potential infringing activity by the Government, and the amount of investment by DOE in the technology. Inventions that will have only minimal use (e.g., laboratory apparatus and testing processes) do not require defensive filing. An invention such as a nuclear fuel that would be used in a naval reactor or a uranium enrichment process that DOE would practice would merit patent application filing.

In some cases there may be incidental benefits in filing a patent application as well. Where research collaboration at a DOE laboratory by an outside party may give rise to questions about who made an invention, filing a patent application may assist in resolving such questions and countering any patent application filed by the outside party. DOE may be obliged to seek patents on inventions under international agreements. In addition, patent protection should be considered for pioneering inventions and those which have been the subject of favorable publicity or awards. Inventions from laboratories with awards programs that depend on an invention being chosen for patent protection should be given careful consideration by DOE where the laboratory does not have the right to elect ownership or has no budget for filing.

Every case filed by DOE shall be approved in advance by a DOE Patent Attorney using these standards, except those patent applications which are prepared by the contractor, and whose Patent and Trademark Office fees are paid by the contractor.

Paul A. Gottlieb



Assistant General Counsel
for Technology Transfer and
Intellectual Property